G. R. S. 58]

Previous references. 90-22-165 (1924-5 Gen)

File No. 82-24

Serial Nos. 1 & 2

Later references.

97-82-24-3+4.

97-82-24-5.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 2

P1 13/25

Part B for December 1924.

SUBJECT

Interest to be Charged on Capital outlay on the State Lines worked by the M.S. & L. Ry

2) No PDL 507 & 16.12.24 to the Secy to the Govt & Resident in Mysore State that there was no objection of the Condition referred to in the Agents' letter but that the omission of the Condition was due to the fact that it was laid down by Govt of India, Comm. appg to the Capital furnished by Govt of Mysore

Mysore Amended
Pl/25

General and Revenue Secretariat.

G.F File No. 82 of 19 24

Serial No.

1. No 2940 dt. 23.11.24 from the Secy to the Resident forwarding Copy of Letter No T.5599 dt 19.11.24 from the Agent, M.S.M.Ry in regard to the interest Charged on the Capital outlay for opening.

Our Letter No Pol 38 dt 18.7.23 Conveying acceptance of the Company's proposal of the rate of 6½ % N. The Agent, M.S.M.Ry wants it to be made Clear that we have accepted the rate subject to modification from time to time in accordance with any alteration in the rate notified by the Govt of India" Apparently, this Condition was advisedly omitted in our Communication in pursuance of the Secy's note dt 9.7.23 and in view of the Clear & unsound Character of the principle underlying the Condition.

2 The Capital is supplied by us & the Govt of India, who are able to get Money on much easier terms, Cannot surely be made to appear so. This point has been fully discussed in the Secy note dt 26.11.23 in pp 6, 7, & 8 of the Note in G.F 90-22-5.

3 Our position has been explained at length in our Letter No Pol 1004 dt 2.5.25 at P. to the Secy to the Resident

NOTE—Contn. Sheet

Serial No.

(1) Since all the points have been before
the Assembly before the last decision was
communicated for our acceptance.
The Company has been persistently refusing
our proposal (1) Charging the rate of Rs
[illegible] (2) offering retrospective effect
[illegible] from [illegible]
[illegible] (3) Obtaining
Now again the qualifying Condition is
[illegible]

5. In view of the unrelenting attitude of the
Company, (2) the receipt of 9.7.23 at R
and of the fact that we did not specifically
[illegible] No PDT 384/8/18.7.23
[illegible] we accepted the 6-/ without this
Condition, the Company is perhaps not willing
to meet us in this respect also. It is
therefore for orders if the acceptance of the
Condition also may not be communicated. In the alternative,
6. [illegible] Case has to be opened again.
[illegible] (1) If the Company's request to
include the qualifying clause is
[illegible] complied with, we may also
[illegible] request the addition of a proviso
that such alteration as may be
notified by the Govt of India
should take effect only after
we have accepted the adoption
of such rate — mail
27/7/24

(Illegible)

NOTE—Contn. Sheet

Serial No.

9 The qualification "subject to modification from time to time in accordance with any alteration in the rate which may be notified by the Government of India" was at an earlier stage of the correspondence. Vide Company's letter dated 18/19th April 1923. In our letter dated 2nd May 1923 we clearly pointed out that the rate which the Government of India paid for the loans raised by them had no bearing on the capital supplied by us. In the final communication from the Company viz., its letter dated 28th June 1923, the revised rate of 6 per cent to which we agreed was unqualified and it is this unqualified proposal to which we communicated our assent in our letter dated 18th July 1923. It is now not right for the Company to propose to go back upon its modified proposal as communicated in its letter dated 28th June 1923.

10 This aspect of the question was considered in my note dated 9th July 1923.

11 If the Company urge that the rate should not be 6 per cent for all time in the future, such a contention would have some force. But that is not the view now expressed by the Company. It again suggests that the rate of the Government of India should apply to the capital supplied by us. We cannot agree to this proposal.

12 I think for the present, it is sufficient to inform the Company that the proviso that the rate should be subject to modification in accord-

NOTE—Contn. Sheet

ance

Serial No.

DEWAN'S OFFICE,
RECD. ON 11 DEC. 1924
Reg. No. 4278

DEWAN'S OFFICE,
RECD. ON 12 DEC. 1924
Reg. No. 4027

accordance with any alteration notified by the Government of India was not contained in the proposal as it was finally made in its letter* dated 28th June 1923 and accepted by us in our letter* dated 18th July 1923. If the Company ~~persist~~ insist on ~~in~~ imposing this condition, I think we may allow the case to go before the Railway Board as that Board cannot possibly expect us to furnish capital at rates at which the Government of India is able to float their loans. If, however, the Railway Board also do not agree with us, it will give us one more handle to move the Government of India again to give us all the facilities for public borrowing ~~in India~~ which that Government ~~of India~~ and the Provincial Governments enjoy, by recognising our securities for the purpose of the Imperial Bank of India Act.

2-12

13 Dewan 14 Secy. to Govt.

15 Please put up draft

16 Draft. Subd.

1.97 Fair draft put up

NOTE—Contn. Sheet

General and Revenue Secretariat.

Ey 2 File No. 82 of 1924

2447/S

Serial No.	
1	To the Secy to the Hon'ble the Resident in Mysore. - No PR. 509 dt 16.12.24. with reference to 81-1 states that there was no ~~omission~~ oversight of the condition referred to in the Agent's letter but that the ~~mysore~~ govt omission of the condition was due to the fact that the rates fixed by the Govt of India cannot apply to Capital furnished by the Mys Govt.
	From the Secy to the Resident No. 9969 dt 16.12.24. Invites reference to 81 and ~~asks~~ for an early reply.
	The reply to the Agent's letter has issued. The reminder will be filed with the Connected papers.

18/12/24

Submitted 16/12/24

18/12

G.7.82.24-1 Pol. No. 638 Pt 6

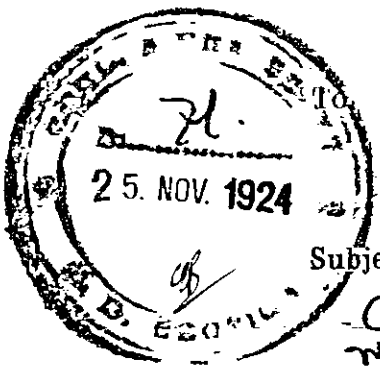
All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. 9406 Enclos. 1 Dated Bangalore, 25 Novr. 1924.
1A-85.

1952

From

A.N.L. Cater, Esq., I.C.S.,
SECRETARY TO THE RESIDENT IN MYSORE.



To

The Financial Secretary to the Government
of His Highness the Maharaja of Mysore

Subject :—

INTEREST TO BE CHARGED ON CAPITAL OUTLAY.

Sir,

With reference to the correspondence ending with your letter No. Pol.38, dated the 18th July 1923, I am directed to forward a copy of a letter No.T/5599, dated the 19th November 1924, from - the Agent, Madras & Southern Mahratta Railway - Company, Limitted, and to request that the - Hon'ble the Resident may be favoured with the views of the Government of Mysore.

I have the honour to be,
Sir,
Your most obedient servant,

SECRETARY TO THE RESIDENT.

PN

Letter No. T/5599, dated the 19th November 1924, from the Agent, Madras and Southern Mahratta Railway Co., Ltd., Madras, to the Secretary to the Hon'ble the Resident in Mysore, Bangalore.

--:0:--

I have the honour to draw your attention to my letter No.T.5599 of the 18th/19th April 1923 on the subject of the interest to be charged on Capital outlay for purposes of arriving at the divisible surplus of the Railways of the Mysore Government worked by this Company.

It was proposed that the rate should be fixed at 6% with effect from 1st October 1922, to be subject to modification from time to time in accordance with any alteration in the rate which may be notified by the Government of India.

In my subsequent letter of the 28th June, it was suggested, that if the Mysore Durbar were unable to agree to this proposal, my Board would be prepared to accept the Railway Board's decision on the case then under correspondence, and in regard to the rate of interest to be charged from time to time in future, provided that such decision was given in each year in time to enable the accounts to be closed without delay.

It is noticed that in letter No.Pol.38, dated 18th July 1923 from the Financial Secretary to the Government of His Highness the Maharaja of Mysore to your address, that when notifying that the Mysore Government agreed to the proposal to fix the rate of interest to be adopted for calculating the divisible surplus profits at 6%, reference has been omitted to the condition, that this rate of interest was "subject to modification from time to time in accordance with any alteration in the rate notified by the Government of India".

As presumably this was an oversight, I shall be glad if you will favour me with the formal acceptance of the Mysore Durbar to the conditions under which the offer was made by this Company.

---:0:---

"C O P Y"

REGISTRAR, RESIDENT'S OFFICE.

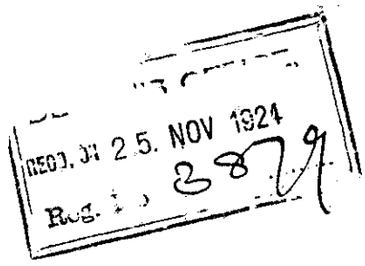
PN

8

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]



Copy of Residency letter No.9406, dated, the 25th November 1924, forwarding copy of letter dated, the 19th November 1924 from the Agent, Madras and Southern Mahratta Railway Company Limited, Madras, in the --- matter of interest to be charged on capital outlay for purposes of arriving at the --- divisible surplus of the Railways of the Mysore Government worked by the Madras and Southern Mahratta Railway and stating for the reason given in this letter that the Hon'ble the Resident may be favoured with the views of the Government of Mysore, is submitted to the Dewan.

C.R. Rama Rau
Registrar.
25.11.24

Through the Chief Sec:

N B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Copy

9

No.9406 Dated, Bangalore, 25th November 1924.

From

A.N.L. Cater, Esq., I.C.S.,
Secretary to the Resident in Mysore.

To

The Financial Secretary to the Government of His Highness the Maharaja of Mysore.

SUBJECT:- INTEREST TO BE CHARGED ON CAPITAL OUTLAY.

Sir,

With reference to the correspondence ending with your letter No.P01.38, dated the 18th July 1923, I am directed to forward a copy of a letter No.T/5599 dated the 19th November 1924, from the Agent Madras and Southern Mahratta Railway Company, Limitted, and to --- request that the Hon'ble the Resident may be favoured with the views of the Government of Mysore.

I have the honour to be,
Sir,
Your most obedient servant,

Sd/- A.N.L. Cater,

Secretary to the Resident.

"C o p y"

Letter No.T/5599, dated the 19th November 1924, from the Agent, Madras and Southern Mahratta Railway Co., Ltd., Madras, to the Secretary to the Hon'ble the Resident in Mysore, Bangalore.

I have the honour to draw your attention to my letter No.T.5599 of the 18th/19th April 1923 on the subject of the interest to be --- charged on Capital outlay for purposes of arriving at the divisible surplus of the Railways of the Mysore Government worked by this company.

It was proposed that the rate should be fixed at 6% with effect from 1st October 1922, to be subject to modification from time to time in accordance with any alteration in the rate which may be notified by the Government of India.

In my subsequent letter of the 28th June, it was suggested, that if the Mysore Durbar were unable to agree to this proposal, my Board would be prepared to accept the Railway Board's decision on the case then under correspondence, and in regard to the rate of interest to be charged from time to time in future, provided that such decision was

was given in each year in time to enable the accounts to be closed without delay.

It is noticed that in letter No.Pol.38, dated 10th July 1923, from the Financial Secretary to the Government of His Highness the Maharaja of Mysore to your address, that when notifying that the Mysore Government agreed to the proposal to fix the rate of interest to be adopted for calculating the divisible supplus profits at 6%, reference has been omitted to the condition, that this rate of interest was "subject to modification from time to time in accordance with any alteration in the rate notified by the Government of India."

As presumably this was an oversight, I shall be glad if you will favour me with the formal acceptance of the Mysore Durbar to the conditions under which the offer was made by this Company.

"Copy"

Sd/-A[illegible]. Peris,

Registrar, Resident's Office.

"C o p y"

C.R. Ramalan

R e g i s t r a r.

25/R

9.7.82.Mr2

100

Fair Draft.

Pol. 507 & 16/12/24

To

The Secretary to the Hon'ble
the Resident in Mysore.

Sir,

With reference to your letter No. 9406/IA.85 dated 23rd November 1924 - forwarding copy of letter No.T.5599 - dated 19th November 1924 from the Agent, Madras and Southern Mahratta Railway Company, I am directed to state that the ~~Qualification~~ Condition regarding "modification in "accordance with any alteration in the "rate notified by the Government of India" had been proposed in the Agents letter No. T.5599 dated 19/4/23 and it was omitted in his letter No. J.5599 dated 28th June 1923, copy of which was forwarded with your letter No. 5137/IA.1885 dated 3rd July 1923 and which was the reply to my letter No. Pol 1004 dated 22nd May 1923.

It was the proposal contained in the second letter of the Agent in which there ~~is~~ was no mention of this condition that was agreed to by the Government of Mysore in their letter No.Pol.38 dated 18th July 1923. It will thus be seen that there is no oversight and the omission of the condition is due to the fact that the rates fixed by the Government of India cannot apply to

Capital

P.T.O.

Capital furnished by the Mysore Government.

I have the honour to be,

Sir,

Your most obedient servant,

Financial Secretary to Govt.

MK.

No. 9969.
1A/1885.

Bangalore, the 16th December 1924.

FROM

A.N.L. Cater, Esq., I.C.S.,
Secretary to the Resident in Mysore.

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

*Subject

Interest to be charged on capital outlay.

SIR,

I am directed to invite attention to the communication noted on the *margin and ~~to request the favour of~~ at the instance of the Agent, Madras and Southern Mahratta Railway Co., Ltd. to request the favour of an early reply.

*No. 9406, dated 25th November 1924.

~~Subsequent Reminder~~
~~No.~~ ~~dated~~

I have the honour to be,

SIR,

Your most obedient servant.

SECRETARY TO THE RESIDENT.

PN

S. 8.—R. P. B.—4-1920.—3,000.